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RUSTY NEISWANGER
County Recording Supervisor

July 17, 2009

Siskiyou County Civil Grand Jury
P.O. Box 488
Yreka, CA 96097

RECEIVED
JUL 23 2009
SUPERIOR COURT

RE: Ineffective Government

Dear Sirs/Madam:

Per your request, I am responding to findings F2, F4-F11 and R2, R4 – R11 as shown below. I am commenting on F3 unsolicited:

F2: Clear and concise information is always our goal. Unfortunately, it is not always easy to reflect information or to explain it verbally where those who are not familiar with accounting concepts understand. It would be a similar situation if we tried to follow the legalities of an issue without the appropriate legal training. It is a goal we are continually trying to improve upon.

F3: Adequate staffing in the Auditor's office could meet this need. The position is at a pay rate that is extraordinarily high and unwarranted. A full time person is not needed. The Auditor has filled this need in the past with appropriate staffing.

F4 – F5: We concur.

F5: The Auditor's office lost significant experienced staff a few years back. Those that were left became burnt out and moved elsewhere with the exception of a few diehards. Training of new staff takes at least 2 years. We were able to get staffing levels up and new staff trained. Turnaround time for claims was back within 10-15 days. Staff in training is bound to have difficulty.

For my full career of over 27 years, departments have complained that the office is inconsistent as to classification even with adequate staff. The very first auditor I worked for shared that it has always been that way. We have determined the following to be true:

- When we have looked at previous expenditures/revenues of the same type, we were not being inconsistent. The department usually wanted it paid from a different line item because that was where their appropriation was or they did not remember.
- Or, we found that indeed we had paid for it incorrectly classified before. That does not mean we don't correct the first one and move forward correctly.
- Providing departments with the ability to do their own transfers within classes has been helpful and has reduced these issues.

Negative interactions are rare. Staff is committed to being professional at all times. That does not mean that they don't stray from that commitment on occasion but when that happens, they know that

an apology is appropriate when they are at fault. Other departmental staffs want to get their job done. Having different personalities and abilities among all county staff mean that communication with some is easier than others. As the Auditor, however, abuse of departmental staff by Auditor staff is not tolerated and neither is the reverse. It is unprofessional and we strive to be professional.

F6: The issue of classes being ineffective has not been a comment we have received. Trainers will be asked to make sure that they inquire regarding this and what might be done in subsequent classes for them to gain more benefit. For the classes I have taught myself, the training room itself has presented challenges and the new module issues have not all been worked out as we are in an implementation mode in some cases.

F7: The online payment process has completed phase I and phase II is in the works. It should be kept in mind that we still have to continue our current processes while we implement the new process. Thorough testing is an absolute necessity for the integrity of our records. Current budget cuts have left us with 2 less bodies to work. It **will** have an impact on the speed we can install, test and train departments.

F8: The new payables process will deter most errors earlier in the purchasing process. Until this is in place, the process as it stands will need to be continued. Once in place, the potential for error should be reduced but not totally eliminated.

F9: Staff practice is to make a copy and send to the department depicting the correction. This will not be necessary in our new process because classifications will be done earlier in the process.

F10: **We do not concur** with this finding. All access to financial records is controlled based on need and function. For any budgets within a department's responsibility, they have full access to view. For obvious reasons, ability to change or add records is limited by internal controls. Both the CAO and the Assistant CAO have full viewing access as does the Board if they wish. As to the impact of limiting a departments' access to view their own budgets and information, we cannot control what they may construe. Audited financial statements are available that reflect financial information and are available on our website. There are documents that are restricted by penal code and labor laws. If they do not have access to something they need, **they simply need to ask**. Granting that access is as easy as filling out the form and telling us what the need is that perhaps we missed initially. Government Codes 10988, 1236, 7480 and 7485 all address internal control issues and the Auditor's responsibilities regarding the safe keeping of information and access.

F11: The Assistant Auditor had recently taken similar classes through an education program and I determined that her participation in this class was not needed at this time. That may change in future years. As to the Auditor's attendance, I went to every class I could. My obligation to the workload must always come first. No dollars were lost due to missing a class and other staff provided me with the materials so I could review them on my own time which I did. I was not elected to take classes but to do a job. That job absolutely must come first. During the time I attended these classes, we had new staff in training. I was auditing claims personally during the day as well as at home at night for hours. These classes, while I feel were extremely helpful, had to take a back seat. With the loss of two desperately needed bodies as of the first of July in 2009, I do not see opportunity to spend my time in these classes as much as I would like to. As indicated, I did receive all materials from the class and studied them as well as implemented those strategies. Government Code sections 1222, 24054, 30200 require that I perform at the level of legal requirements.

I found these classes and the information I received on the classes I missed to be extremely beneficial. These and other opportunities must be balanced against time spent there and a report not being timely or a vendor getting paid.

R2: We concur.

R4: We concur.

R5: **We do not concur.** Governmental accounting is not done by majority rule. The responsibility lies with the Auditor and those decisions are made here. This responsibility is established under law and the office does not take direction from the Administrative officer in matters that are not within their scope of authority which would be accounting practices. In other areas, we work very closely with the Administrator and follow direction that does not go against our primary objective. Government Codes 1222, 24054, 30200 all address issues related to the Auditor's elected responsibilities and statutory expectations.

With that said, we are willing to restructure the training classes to include more problem solving interaction. Numerous classes I have instructed have evolved into exactly that...problem solving.

Currently, we meet with the Public Works fiscal staff to discuss concerns, accounting practices, better ways of accomplishing their tasks and ours. We feel this is an option that we have and can continue to make available to other departments and can do this in a formal invitation instead of waiting for them to ask for it. We will attempt to do that. Our ultimate goal is to help departments accomplish their work and stay within the guidelines of accounting standards and State Controller guidelines.

If there is a true issue, it is that the fiscal staffs both in my office **AND** in the departments are not valued as being important. When cuts occur, fiscal support is the first targeted. When pay rates are evaluated, they are not given the recognition they deserve. Department fiscal staffs are as overworked, in numerous cases, as the Auditor's staff is and that does lead to misunderstandings and frustration. In many departments, staff hired to do one job has the fiscal responsibility dumped on them. We understand that this is not their area of expertise and try to provide extra attention to those individuals.

R6: We concur with the exception of the Fiscal Tech Committee. If departmental fiscal staff has issues, I have made myself personally available on many occasions. Most fiscal staffs take advantage of this access to both me and my assistant. I have always made time for these individuals. The more they understand the reasoning behind a process, the easier it is for all of us. They have, **many times**, offered up suggestions for solutions that we have jumped at the opportunity to fix a mutual problem. Sometimes what appears to be a good suggestion on the surface is simply not logistically feasible when placed in the realm of the bigger picture. That is when the brain storming occurs both internally and with department staff.

R7: The new bill payment process is funded in full and it is at the top of our priority list. We have three upper level staff that is the implementation team and they have made amazing progress. With the State's budgetary problems, I understand the personnel cuts that had to occur as well or better than anyone. Unfortunately, this office has tried for years to get an electronic payment process in place and this is the first time that the value of it has been recognized. In order to implement this process properly, I needed each body that was here on June 30th. This project has been put on the back burner right now and there is nothing I can do about that. We are in the midst of our busiest time of the year between June 1 and December 1. The demands of the end of the year which include closing last year and preparing all appropriate reports for the public and for the State Controller as well as getting the new year off with the budget and tax roll extensions usually means a 50-60 plus hour week for exempt staff.

R8: The new payables process will deter most errors earlier in the purchasing process. Until this is in place, the process as it stands will need to be continued. Once in place, the potential for error should be reduced but not totally eliminated. The training classes should be taken advantage of by the departments and take that opportunity to ask questions. Our staff is available by email and by phone to answer questions at any time. If they do not know the answer, they will find out. Once again, we do not concur with the idea of a Fiscal Tech committee.

R9: **We do not concur.** The proper process currently is prompt notification. If a department has an issue with not being notified, that should be brought to management to address. We cannot fix a perceived or actual problem if the department does not address it with us. Many of them have and we have promptly done exactly that.

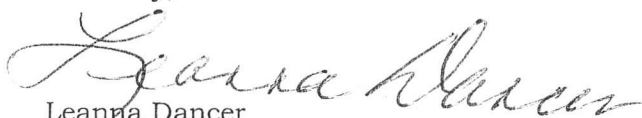
R10: **We do not concur.** Governmental accounting is not done by majority rule. The responsibility lies with the Auditor and those decisions are made here. The material in our financial system is public if requested and we produce reports for those who ask on a regular basis under the public records act. I, nor any of my predecessors, have allowed unlimited access to this information. It is not good internal control practice. The information, uncontrolled, would allow access to information protected by identity theft laws, vendor confidential information, payroll status for employees including deduction and garnishment information, and other information that is protected under law by FLSA, Labor Code, Penal Code, etc. The Auditor is responsible for the protection of such information and will continue to limit access as appropriate. In 27 years of working in this office, requested on line access has not been denied to anyone except for once numerous years ago. Instead, reports were provided. With the change in the departmental staff, that access has been restored.

The information is made available to those who generate the activity (Department Heads and their designees). They are responsible for monitoring their budgets and must be able to do so. The information is also available to the Administrator and the Assistant Administrator in its entirety as well as the Board of Supervisors who request such access. All information is made available to our outside Board contracted auditing firm for the purpose of full evaluation and to each and every specialized auditor that arrive here from the State Controller or any other state or federal agency. Government Codes 10988, 1236, 7480 and 7485 all address internal control issues and the Auditor's responsibilities regarding the safe keeping of information and access.

R11: We agree that people skills are an absolute necessity for all management. Each individual has had the opportunity to participate who occupies a management role and some who we are grooming for potential advancement. Failure to attend **is excusable**. Our primary function is to receive money and pay bills. When those functions, along with a multitude of other tasks, are suffering because of staffing levels, attending such classes would be inexcusable. Government Codes 1222, 24054, and 30200 address the legal expectations of the Auditor and the responsibilities that go with that position. All other ancillary training and/or responsibilities must come second and will continue to.

I would like to take the opportunity to once again thank the Grand Jury for the effort they have put into their evaluation during this year. I do not have a problem with agreeing to disagree after being given adequate opportunity to discuss issues. This Grand Jury gave me many hours of their time and I am very appreciative.

Sincerely,



Leanna Dancer
Auditor-Controller-Recorder